

VILLAGE OF CAMDEN

AUDIT REPORT

FEBRUARY 28, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF CAMDEN	County HILLSDALE
Fiscal Year End 2/28/06	Opinion Date 10/31/06	Date Audit Report Submitted to State 11/30/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

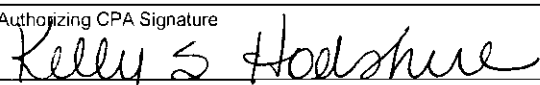
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**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BAILEY, HODSHIRE & COMPANY, P.C.		Telephone Number 517-849-2410	
Street Address 479 E. CHICAGO ROAD		City JONESVILLE	State MI
		Zip 49250	
Authorizing CPA Signature 		Printed Name KELLY S. HODSHIRE	License Number 1101020992

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# Bailey, Hodshire & Company, P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Camden  
Camden, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of and for the year ended February 28, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Camden's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of February 28, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2006, on our consideration of Village of Camden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Village Council  
Village of Camden

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 29 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bailey Hodshire & Company PC*

Jonesville, Michigan  
October 31, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2006

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**Introduction**

This section of the Village of Camden's annual financial report presents our discussion and analysis of the Villages financial performance during the year ended February 28, 2006. The reader should use this analysis along with the annual report to gain a complete picture of the Village of Camden for the year ended February 28, 2006. The Village will continue to use fund accounting to record revenues and expenditures in accordance with the Michigan chart of accounts.

**Financial Highlights**

- The Village's assets exceeded its liabilities by \$1,796,936 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$1,707,997, showing an increase of \$88,939 during the current year.
- The Village's governmental funds reported total ending fund balance of \$564,531, all of which is unreserved and undesignated and available for spending at the Village's discretion. This compares to the prior year ending fund balance of \$476,889, showing a \$87,642 increase during the current year.
- At the end of the current year, unreserved fund balance for the General Fund was \$151,296, or 164% of total General Fund expenditures. This is a increase of \$8,964 over last year's ending fund balance.

**Overview of the Financial Statements**

The Village's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide financial statements.

Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-wide Financial Statements**

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by the private-sector companies.

*Statement of Net Assets* - This statements presents information of all of the Village's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets may serve as

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2006

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a useful indicator as to whether the Village's financial position as a whole is improving or deteriorating. To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base and the condition of the Village's capital assets.

*Statement of Activities* - This reports how the Village's net assets changed during the fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the taxpayers.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as fire protection, general government, cemetery, streets, and parks. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are reported here.
- *Component units* - The Village includes one entity in its report - the Local Development Finance Authority. Although legally separate, this component unit is important because the Village is financially accountable for it.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Village's funds can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds* - Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in a reconciling statement that explains the relationship between them.

Budgetary comparison statements are included as required supplementary information for the general fund and major special revenue funds. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget.

*Proprietary Funds* generally report services for which the Village charges customers a fee. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report functions presented as business-type activities, while Internal Service Funds primarily service the governmental unit and are included with governmental activities. The Water and Sewer Funds are Enterprise Funds. The Village does not have an Internal Service Fund. Proprietary funds, like the government-wide statements, provide both long- and short- term financial information. In fact, the Village's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.



Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2006

*Component Units* consist of the Local Development Finance Authority (LDFA). Although the LDFA is legally separate from the Village, it is included in the Village's financial report because the Village is financially accountable for it. The Local Development Finance Authority was created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district.

*Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Required Supplementary Information* can be found immediately following the notes to the financial statements. This information includes budgets and actual statements for major governmental funds.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The Village's assets exceeded its liabilities by \$1,796,936 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$1,707,997, showing an increase of \$88,939 over the prior year. While the Village reports unrestricted net assets under both governmental and business-type activities, the unrestricted net assets of the business-type activities cannot be used to make up any net asset deficit in governmental activities. The following table provides a summary of the Village's net assets as of February 28, 2005 and 2006:

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
<b>Assets</b>						
Current Assets	\$ 515,128	\$ 616,454	\$ 384,997	\$ 452,059	\$ 900,125	\$ 1,068,513
Capital Assets	<u>537,593</u>	<u>496,533</u>	<u>763,913</u>	<u>733,338</u>	<u>1,301,506</u>	<u>1,229,871</u>
Total Assets	<u>\$ 1,052,721</u>	<u>\$ 1,112,987</u>	<u>\$ 1,148,910</u>	<u>\$ 1,185,397</u>	<u>\$ 2,201,631</u>	<u>\$ 2,298,384</u>
<b>Liabilities</b>						
Current Liabilities	\$ 42,692	\$ 51,923	\$ 14,942	\$ 18,525	\$ 57,634	\$ 70,448
Long-term Liabilities	<u>0</u>	<u>0</u>	<u>436,000</u>	<u>431,000</u>	<u>436,000</u>	<u>431,000</u>
Total Liabilities	<u>\$ 42,692</u>	<u>\$ 51,923</u>	<u>\$ 450,942</u>	<u>\$ 449,525</u>	<u>\$ 493,634</u>	<u>\$ 501,448</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	\$ 537,593	\$ 496,533	\$ 323,913	\$ 297,338	\$ 861,506	\$ 793,871
Restricted	0	0	9,577	12,208	9,577	12,208
Unrestricted	<u>472,436</u>	<u>564,531</u>	<u>364,478</u>	<u>426,326</u>	<u>836,914</u>	<u>990,857</u>
Total Net Assets	<u>\$ 1,010,029</u>	<u>\$ 1,061,064</u>	<u>\$ 697,968</u>	<u>\$ 735,872</u>	<u>\$ 1,707,997</u>	<u>\$ 1,796,936</u>
Total Liabilities and Net Assets	<u>\$ 1,052,721</u>	<u>\$ 1,112,987</u>	<u>\$ 1,148,910</u>	<u>\$ 1,185,397</u>	<u>\$ 2,201,631</u>	<u>\$ 2,298,384</u>

The Village reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$51,035 for governmental activities and increased \$37,904 for business-type activities; therefore, the Village's overall financial position improved during fiscal year 2006.

The following table reflects the change in net assets of the Village's governmental and business-type activities for the year ended February 28, 2005 and 2006:

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2006

**CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Program Revenues						
Charges for Services	\$ 32,179	\$ 34,732	\$ 142,953	\$ 152,334	\$ 175,132	\$ 187,066
Operating Grants and Contributions	47,900	61,374	0	0	47,900	61,374
Capital Grants and Contributions	0	0	0	0	0	0
General Revenues						
Property Taxes	51,915	54,486	0	0	51,915	54,486
State Shared Revenue	61,518	60,246	0	0	61,518	60,246
Unrestricted Investment Earnings	7,403	8,116	7,156	4,300	14,559	12,416
Other Revenue	<u>2,731</u>	<u>1,981</u>	<u>640</u>	<u>0</u>	<u>3,371</u>	<u>1,981</u>
Total Revenue	<u>\$ 203,646</u>	<u>\$ 220,935</u>	<u>\$ 150,749</u>	<u>\$ 156,634</u>	<u>\$ 354,395</u>	<u>\$ 377,569</u>
Program Expenses						
General Government	\$ 115,002	\$ 98,864	\$ 0	\$ 0	\$ 115,002	\$ 98,864
Public Safety	54,593	47,194	0	0	54,593	47,194
Streets and Highways	20,972	2,105	0	0	20,972	2,105
Culture and Recreation	6,544	2,475	0	0	6,544	2,475
Depreciation	12,344	19,262	0	0	12,344	19,262
Water Utility	0	0	32,287	64,225	32,287	64,225
Sewer Utility	<u>0</u>	<u>0</u>	<u>64,301</u>	<u>54,505</u>	<u>64,301</u>	<u>54,505</u>
Total Expenses	<u>\$ 209,455</u>	<u>\$ 169,900</u>	<u>\$ 96,588</u>	<u>\$ 118,730</u>	<u>\$ 306,043</u>	<u>\$ 288,630</u>
Change in Net Assets	<u>\$ (5,809)</u>	<u>\$ 51,035</u>	<u>\$ 54,161</u>	<u>\$ 37,904</u>	<u>\$ 48,352</u>	<u>\$ 88,939</u>

*Governmental Activities* increased the Village's net assets by \$51,035.

Revenues from governmental activities totaled \$220,935. State shared revenue represented the largest portion of those revenues (28%), and property tax revenue represented 25% of the total.

The largest components of governmental activities' expenses were general government (59%), public safety (28%), and streets and highways (20%). General government consists of Village Council, Administration, Fire protection, Cemetery, Parks, etc. Public safety includes fire.

*Business-type Activities* increased the Village's net assets by \$37,904. These net assets will be used to repay the debt on the sewer plant improvements, as well as planning for future improvements in the water and sewer systems.

*Component Unit Activities* - The LDFA is self-funded by use of captured tax revenues in accordance with State law and once capital improvements are made they become assets of the Village.

*Governmental Funds* - The focus of the Village's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of February 28, 2006, the Village's governmental funds reported combined ending fund balances of \$564,531. Of this total, the entire balance was unreserved, indicating availability for continuing Village service requirements.

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2006

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the General Fund showed a healthy fund balance of \$151,296. The other Major Governmental Funds include Major Streets, Local Streets, Fire Fund, Cemetery Fund, and Park Fund. Of these funds, Cemetery Fund and Park Fund showed a decrease in fund balance for the current fiscal year.

*Proprietary Funds* - The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Village's proprietary funds consist of the Water Fund and the Sewer Fund. Total net assets of the Water and Sewer Funds were \$735,872 at February 28, 2006, an improvement of \$37,905 over the previous fiscal year.

**Major Governmental Funds Budgeting and Operating Highlights**

The Village did not amend the budgets for any of the funds for this fiscal year. Over-expenditures did result in the General Fund and the Cemetery Fund. The budget will be monitored closer in the future so that over-expenditure does not occur.

**Capital Asset and Debt Administration**

Capital assets at year-end were as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Totals</u>
Land	\$ 39,100	\$ 5,252	\$ 44,352
Buildings and Improvements	78,540	0	78,540
Facilities & Mains	0	1,381,798	1,381,798
Furniture and Equipment	299,921	0	299,921
Vehicles	288,724	0	288,724
Infrastructure	1,753,105	0	1,753,105
Less: Accumulated Depreciation	<u>(1,962,857)</u>	<u>(653,712)</u>	<u>(2,616,569)</u>
Total Capital Assets, net of depreciation	<u>\$ 496,533</u>	<u>\$ 733,338</u>	<u>\$ 1,229,871</u>

At February 28, 2006, the Village had \$436,000 in bonds outstanding, as shown below:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Totals</u>
Revenue Bonds	\$ 0	\$ 436,000	\$ 436,000
Total Long-Term Debt	<u>\$ 0</u>	<u>\$ 436,000</u>	<u>\$ 436,000</u>

**Factors Bearing on the Village's Future**

The Village of Camden needs to be concerned with spending. State Revenue Sharing and Investment Income are a major source of income and as the State continues to cut revenue, the Village will have to keep a tight budget in place to keep the Board's fiscal responsibility to the citizens.

In preparing the 2007 budget, the Village expects similar activity levels to 2006. State shared revenues have consistently declined in recent years, and this trend is expected to continue. Other revenues are expected to be consistent to 2006 totals. The Village will continue to budget conservatively.

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2006

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The Village plans to resurface streets in the future and is looking at much-needed sidewalk repairs.

The fire department needs to maintain all contracts outside the Village to maintain the revenue level necessary to stay in State-mandated compliance. The department will need to send new trainees to Firefighters I and II classes during the 2006-2007 year.

**Contacting the Village's Financial Management**

This financial report is designed to provide a general overview of the Village of Camden's finances. Questions or comments concerning any of the information provided in this report should be addressed to Village of Camden, 110 N. Main Street, Camden, Michigan 49232.

## BASIC FINANCIAL STATEMENTS

VILLAGE OF CAMDEN  
STATEMENT OF NET ASSETS  
FEBRUARY 28, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 496,106	\$ 395,013	\$ 891,119	\$ 57,144
Accounts Receivable	3,224	14,878	18,102	10,051
Taxes Receivable	0	0	0	3,653
Assessments Receivable	0	1,774	1,774	0
Due from Governmental Fund	0	39,244	39,244	0
Due from Other Governmental Units	109,671	0	109,671	0
Prepaid Expense	<u>7,453</u>	<u>1,150</u>	<u>8,603</u>	<u>0</u>
Total Current Assets	<u>\$ 616,454</u>	<u>\$ 452,059</u>	<u>\$ 1,068,513</u>	<u>\$ 70,848</u>
Noncurrent Assets				
Capital Assets				
Land	\$ 39,100	\$ 5,252	\$ 44,352	\$ 0
Buildings & Improvements	78,540	0	78,540	0
Facilities & Mains	0	1,381,798	1,381,798	0
Furniture & Equipment	299,921	0	299,921	0
Vehicles	288,724	0	288,724	0
Infrastructure	1,753,105	0	1,753,105	0
Less: Accumulated Depreciation	<u>(1,962,857)</u>	<u>(653,712)</u>	<u>(2,616,569)</u>	<u>0</u>
Total Noncurrent Assets	<u>\$ 496,533</u>	<u>\$ 733,338</u>	<u>\$ 1,229,871</u>	<u>\$ 0</u>
Total Assets	<u>\$ 1,112,987</u>	<u>\$ 1,185,397</u>	<u>\$ 2,298,384</u>	<u>\$ 70,848</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 11,935	\$ 5,350	\$ 17,285	\$ 0
Payroll Taxes Payable	744	0	744	0
Due to Enterprise Fund	39,244	0	39,244	0
Interest Payable	0	8,175	8,175	0
Current Portion of Long-Term Debt	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Current Liabilities	<u>\$ 51,923</u>	<u>\$ 18,525</u>	<u>\$ 70,448</u>	<u>\$ 0</u>
Noncurrent Liabilities				
Revenue Bonds Payable	<u>\$ 0</u>	<u>\$ 431,000</u>	<u>\$ 431,000</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 51,923</u>	<u>\$ 449,525</u>	<u>\$ 501,448</u>	<u>\$ 0</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 496,533	\$ 297,338	\$ 793,871	\$ 0
Restricted for:				
Debt Service	0	12,208	12,208	
Unrestricted	<u>564,531</u>	<u>426,326</u>	<u>990,857</u>	<u>70,848</u>
Total Net Assets	<u>\$ 1,061,064</u>	<u>\$ 735,872</u>	<u>\$ 1,796,936</u>	<u>\$ 70,848</u>
Total Liabilities and Net Assets	<u>\$ 1,112,987</u>	<u>\$ 1,185,397</u>	<u>\$ 2,298,384</u>	<u>\$ 70,848</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED FEBRUARY 28, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 98,864	\$ 0	\$ 0	\$ 0	\$ (98,864)
Public Safety	47,194	34,732	0	0	(12,462)
Streets and Highways	2,105	0	61,374	0	59,269
Culture and Recreation	2,475	0	0	0	(2,475)
Depreciation - Unallocated	<u>19,262</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,262)</u>
Total Governmental Activities	<u>\$ 169,900</u>	<u>\$ 34,732</u>	<u>\$ 61,374</u>	<u>\$ 0</u>	<u>\$ (73,794)</u>
Business-type Activities:					
Water	\$ 64,225	\$ 73,266	\$ 0	\$ 0	\$ 9,041
Sewer	<u>54,505</u>	<u>79,068</u>	<u>0</u>	<u>0</u>	<u>24,563</u>
Total Business-type Activities	<u>\$ 118,730</u>	<u>\$ 152,334</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,604</u>
Total Primary Government	<u>\$ 288,630</u>	<u>\$ 187,066</u>	<u>\$ 61,374</u>	<u>\$ 0</u>	<u>\$ (40,190)</u>
Component Units:					
Local Development Finance Authority	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Component Units	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Change in Net Assets:					
Net (Expense) Revenue		<u>\$ (73,794)</u>	<u>\$ 33,604</u>	<u>\$ (40,190)</u>	<u>\$ 0</u>
General Revenue:					
Property Taxes Levied for General Purposes		\$ 49,429	\$ 0	\$ 49,429	\$ 0
Property Taxes Levied for Cemetery		5,057	0	5,057	0
Property Taxes Captured		0	0	0	7,783
State Shared Revenue		60,246	0	60,246	0
Unrestricted Investment Income		8,116	4,300	12,416	419
Miscellaneous		<u>1,981</u>	<u>0</u>	<u>1,981</u>	<u>0</u>
Total General Revenue		<u>\$ 124,829</u>	<u>\$ 4,300</u>	<u>\$ 129,129</u>	<u>\$ 8,202</u>
Change in Net Assets		\$ 51,035	\$ 37,904	\$ 88,939	\$ 8,202
Net Assets - Beginning		<u>1,010,029</u>	<u>697,968</u>	<u>1,707,997</u>	<u>62,646</u>
Net Assets - Ending		\$ 1,061,064	\$ 735,872	\$ 1,796,936	\$ 70,848

See accompanying notes to the basic financial statements.

	General	Major Streets	Local Streets	Fire Fund	Cemetery Fund	Park Fund	Total Governmental Funds
ASSETS							
Cash & Cash Equivalents	\$ 120,347	\$ 175,632	\$ 21,943	\$ 86,797	\$ 79,622	\$ 11,765	\$ 496,106
Accounts Receivable	3,041	0	0	0	183	0	3,224
Due from Other Funds	52,182	0	0	0	4,323	0	56,505
Due from Other Governmental Units	27,397	59,373	21,960	0	941	0	109,671
Prepaid Expense	<u>2,691</u>	<u>657</u>	<u>328</u>	<u>3,285</u>	<u>246</u>	<u>246</u>	<u>7,453</u>
Total Assets	\$ 205,658	\$ 235,662	\$ 44,231	\$ 90,082	\$ 85,315	\$ 12,011	\$ 672,959

Accounts Payable	\$ 10,051	\$ 0	\$ 0	\$ 884	\$ 0	\$ 1,000	\$ 11,935
Due to Other Funds	43,567	1,126	563	44,019	0	6,474	95,749
Payroll Taxes Payable	<u>744</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>744</u>
Total Liabilities	\$ 54,362	\$ 1,126	\$ 563	\$ 44,903	\$ 0	\$ 7,474	\$108,428

Unreserved, reported in:									
General Fund	\$ 151,296	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 151,296
Special Revenue Funds	<u>0</u>	<u>234,536</u>	<u>43,668</u>	<u>45,179</u>	<u>85,315</u>	<u>4,537</u>	<u>413,235</u>		
Total Fund Balances	\$ 151,296	\$ 234,536	\$ 43,668	\$ 45,179	\$ 85,315	\$ 4,537	\$ 564,531		
Total Liabilities and Fund Balances	\$ 205,658	\$ 235,662	\$ 44,231	\$ 90,082	\$ 85,315	\$ 12,011	\$ 672,959		



VILLAGE OF CAMDEN  
Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Assets of  
Governmental Activities on the Statement of Net Assets  
February 28, 2006

Fund Balances - total governmental funds	\$ 564,531
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital assets	2,459,390
Deduct: Accumulated depreciation	<u>(1,962,857)</u>
Net assets of governmental activities	<u>\$ 1,061,064</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	General	Major Streets	Local Streets	Fire Fund
REVENUE				
Property Taxes	\$ 49,429	\$ 0	\$ 0	\$ 0
State Shared Revenue	60,246	44,944	16,430	0
Charges for Services	0	0	0	34,732
Interest Income	3,330	2,774	57	331
Miscellaneous Income	<u>637</u>	<u>0</u>	<u>0</u>	<u>1,237</u>
Total Revenue	<u>\$ 113,642</u>	<u>\$ 47,718</u>	<u>\$ 16,487</u>	<u>\$ 36,300</u>
EXPENDITURES				
General Government				
Advertising	\$ 248	\$ 0	\$ 0	\$ 0
Maintenance & Repair	8,304	290	593	0
Utilities and Telephone	12,366	0	0	0
Insurance	13,984	1,089	545	0
Professional Services	14,149	0	0	0
Dues	649	0	0	0
Office Supplies	940	0	0	0
Payroll Expense	40,008	0	0	0
Miscellaneous Expense	1,326	15	0	0
Culture & Recreation	0	0	0	0
Public Safety	0	0	0	17,687
Highway & Streets	0	296	1,809	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,357</u>
Total Expenditures	<u>\$ 91,974</u>	<u>\$ 1,690</u>	<u>\$ 2,947</u>	<u>\$ 27,044</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 21,668</u>	<u>\$ 46,028</u>	<u>\$ 13,540</u>	<u>\$ 9,256</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 5,000	\$ 0	\$ 0	\$ 13,800
Operating Transfers Out	<u>(17,704)</u>	<u>(2,000)</u>	<u>(1,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ (12,704)</u>	<u>\$ (2,000)</u>	<u>\$ (1,000)</u>	<u>\$ 13,800</u>
NET CHANGE IN FUND BALANCES	\$ 8,964	\$ 44,028	\$ 12,540	\$ 23,056
FUND BALANCES - Beginning	<u>142,332</u>	<u>190,508</u>	<u>31,128</u>	<u>22,123</u>
FUND BALANCES - Ending	<u>\$ 151,296</u>	<u>\$ 234,536</u>	<u>\$ 43,668</u>	<u>\$ 45,179</u>

The accompanying notes are an integral part of this statement.

Cemetery Fund	Park Fund	Total Governmental Funds
	\$ 0	\$ 54,486
\$ 5,057	0	121,620
0	0	34,732
0	119	8,116
1,505	0	1,981
<u>107</u>	<u>\$ 119</u>	<u>\$ 220,935</u>
<u>\$ 6,669</u>		
	\$ 0	\$ 248
\$ 0	0	12,711
3,524	0	12,366
0	0	16,026
408	0	14,149
0	0	649
0	0	940
0	0	40,008
0	0	2,316
0	827	827
975	0	17,687
0	0	2,105
0	0	9,357
<u>0</u>	<u>\$ 827</u>	<u>\$ 129,389</u>
<u>\$ 4,907</u>		
	\$ (708)	\$ 91,546
\$ 1,762		
	\$ 0	\$ 18,800
\$ 0	<u>0</u>	<u>(22,704)</u>
<u>(2,000)</u>	\$ 0	\$ (3,904)
\$ (2,000)		
\$ (238)	\$ (708)	\$ 87,642
	<u>5,245</u>	<u>476,889</u>
<u>85,553</u>	<u>\$ 4,537</u>	<u>\$ 564,531</u>
<u>\$ 85,315</u>		

VILLAGE OF CAMDEN  
Reconciliation of Statement of Revenue, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended February 28, 2006

Net changes in fund balances - total governmental funds	\$ 87,642
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital outlay	9,357
Deduct: Depreciation expense	(50,417)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: Principal payments on long-term debt	<u>4,453</u>
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Change in net assets of governmental activities	<u><u>\$ 51,035</u></u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
FEBRUARY 28, 2006

	<u>Enterprise Funds</u>		Total Enterprise Funds
	<u>Water</u>	<u>Sewer</u>	
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 121,463	\$ 161,758	\$ 283,221
Accounts Receivable	7,003	7,875	14,878
Assessments Receivable	798	976	1,774
Due from Other Funds	39,089	155	39,244
Prepaid Expense	<u>575</u>	<u>575</u>	<u>1,150</u>
Total Current Assets	<u>\$ 168,928</u>	<u>\$ 171,339</u>	<u>\$ 340,267</u>
Restricted Assets			
Bond Interest and Redemption Accounts	\$ 0	\$ 99,584	\$ 99,584
Bond Reserve Accounts	<u>0</u>	<u>12,208</u>	<u>12,208</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 111,792</u>	<u>\$ 111,792</u>
Noncurrent Assets			
Capital Assets - Not Depreciated	\$ 0	\$ 5,252	\$ 5,252
Other Capital Assets, Net of Accumulated Depreciation	<u>256,291</u>	<u>471,795</u>	<u>728,086</u>
Total Noncurrent Assets	<u>\$ 256,291</u>	<u>\$ 477,047</u>	<u>\$ 733,338</u>
Total Assets	<u><u>\$ 425,219</u></u>	<u><u>\$ 760,178</u></u>	<u><u>\$ 1,185,397</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 4,391	\$ 959	\$ 5,350
Total Current Liabilities	<u>\$ 4,391</u>	<u>\$ 959</u>	<u>\$ 5,350</u>
Liabilities Payable from Restricted Assets			
Accrued Interest Payable	\$ 0	\$ 8,175	\$ 8,175
Revenue Bonds - Current	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 0</u>	<u>\$ 13,175</u>	<u>\$ 13,175</u>
Noncurrent Liabilities			
Revenue Bonds Payable	\$ 0	\$ 431,000	\$ 431,000
Total Noncurrent Liabilities	<u>\$ 0</u>	<u>\$ 431,000</u>	<u>\$ 431,000</u>
Total Liabilities	<u>\$ 4,391</u>	<u>\$ 445,134</u>	<u>\$ 449,525</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 256,291	\$ 41,047	\$ 297,338
Restricted for Bond Reserve	0	12,208	12,208
Unrestricted	<u>164,537</u>	<u>261,789</u>	<u>426,326</u>
Total Net Assets	<u>\$ 420,828</u>	<u>\$ 315,044</u>	<u>\$ 735,872</u>
Total Liabilities and Net Assets	<u><u>\$ 425,219</u></u>	<u><u>\$ 760,178</u></u>	<u><u>\$ 1,185,397</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Enterprise Funds</u>		Total Enterprise Funds
	<u>Water</u>	<u>Sewer</u>	
OPERATING REVENUE			
Sales	\$ 70,057	\$ 76,639	\$ 146,696
Special Assessments	<u>3,209</u>	<u>2,429</u>	<u>5,638</u>
Total Operating Revenue	<u>\$ 73,266</u>	<u>\$ 79,068</u>	<u>\$ 152,334</u>
OPERATING EXPENSES			
Professional Services	\$ 130	\$ 130	\$ 260
Contracted Services	8,933	7,536	16,469
Insurance	952	952	1,904
Utilities	1,976	2,274	4,250
Advertising	370	0	370
Depreciation	11,805	23,323	35,128
Maintenance & Repair	39,777	628	40,405
Fees	11	27	38
Miscellaneous Expense	<u>271</u>	<u>0</u>	<u>271</u>
Total Operating Expenses	<u>\$ 64,225</u>	<u>\$ 34,870</u>	<u>\$ 99,095</u>
OPERATING INCOME (LOSS)	<u>\$ 9,041</u>	<u>\$ 44,198</u>	<u>\$ 53,239</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest Income	\$ 1,811	\$ 2,490	\$ 4,301
Interest Expense	<u>0</u>	<u>(19,635)</u>	<u>(19,635)</u>
Total Non-operating Revenue (Expense)	<u>\$ 1,811</u>	<u>\$ (17,145)</u>	<u>\$ (15,334)</u>
Income (Loss) Before Transfers	<u>\$ 10,852</u>	<u>\$ 27,053</u>	<u>\$ 37,905</u>
Transfers From Other Funds	\$ 0	\$ 0	\$ 0
Transfers To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	\$ 10,852	\$ 27,053	\$ 37,905
NET ASSETS - Beginning	<u>409,976</u>	<u>287,992</u>	<u>697,968</u>
NET ASSETS - Ending	<u><u>\$ 420,828</u></u>	<u><u>\$ 315,045</u></u>	<u><u>\$ 735,873</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 71,034	\$ 75,487	\$ 146,521
Cash payments to suppliers for goods and services	<u>(49,418)</u>	<u>(11,957)</u>	<u>(61,375)</u>
Net cash provided (used) by operating activities	<u>\$ 21,616</u>	<u>\$ 63,530</u>	<u>\$ 85,146</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Receipts under Interfund Loan Agreements	\$ 0	\$ 0	\$ 0
Payments under Interfund Loan Agreements	<u>(39,089)</u>	<u>(155)</u>	<u>(39,244)</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (39,089)</u>	<u>\$ (155)</u>	<u>\$ (39,244)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bonds	\$ 0	\$ (4,000)	\$ (4,000)
Interest paid on bonds	0	(19,710)	(19,710)
Acquisition of Capital Assets	<u>(4,554)</u>	<u>0</u>	<u>(4,554)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (4,554)</u>	<u>\$ (23,710)</u>	<u>\$ (28,264)</u>
<b>CASH FLOWS FORM INVESTING ACTIVITIES</b>			
Investment income	<u>\$ 1,811</u>	<u>\$ 2,490</u>	<u>\$ 4,301</u>
Net cash provided (used) by investment activities	<u>\$ 1,811</u>	<u>\$ 2,490</u>	<u>\$ 4,301</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (20,216)</u>	<u>\$ 42,155</u>	<u>\$ 21,939</u>
<b>CASH AND CASH EQUIVALENTS - Beginning</b>	<u>141,679</u>	<u>231,395</u>	<u>373,074</u>
<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u><u>\$ 121,463</u></u>	<u><u>\$ 273,550</u></u>	<u><u>\$ 395,013</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	<u>\$ 9,041</u>	<u>\$ 44,198</u>	<u>\$ 53,239</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 11,805	\$ 23,323	\$ 35,128
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,232)	(3,581)	(5,813)
(Increase) decrease in prepaid expense	(33)	(33)	(66)
Increase (decrease) in accounts payable	<u>3,035</u>	<u>(377)</u>	<u>2,658</u>
Total adjustments	<u>\$ 12,575</u>	<u>\$ 19,332</u>	<u>\$ 31,907</u>
Net cash provided (used) by operating activities	<u><u>\$ 21,616</u></u>	<u><u>\$ 63,530</u></u>	<u><u>\$ 85,146</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF NET ASSETS  
COMPONENT UNIT  
FEBRUARY 28, 2006

	<u>LDFA</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 57,144
Accounts Receivable	10,051
Taxes Receivable	<u>3,653</u>
Total Assets	<u>\$ 70,848</u>
 LIABILITIES	
Current Liabilities	<u>\$ 0</u>
 NET ASSETS	
Unrestricted	<u>\$ 70,848</u>
 Total Net Assets	<u>\$ 70,848</u>
 Total Liabilities and Net Assets	<u>\$ 70,848</u>

See accompanying notes to the basic financial statements.



VILLAGE OF CAMDEN  
STATEMENT OF ACTIVITIES  
COMPONENT UNIT  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>LDFA</u>
EXPENSES	
Industrial Development	\$ <u>0</u>
PROGRAM REVENUE	
Charges for Services	\$ <u>0</u>
NET (EXPENSE) REVENUE	\$ <u>0</u>
GENERAL REVENUE	
Property Tax	\$ 7,783
Interest Income	<u>419</u>
Total General Revenue	\$ <u>8,202</u>
CHANGE IN NET ASSETS	\$ 8,202
NET ASSETS - Beginning	<u>62,646</u>
NET ASSETS - Ending	<u><u>\$ 70,848</u></u>

See accompanying notes to the basic financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Camden comprises a population of approximately 550 residents in Hillsdale County, Michigan. It is governed by a seven-member council with a president as its head. As required by generally accepted accounting principles, these financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Village (as distinct from legal relationships).

The following component units are reported in the Village's financial statements:

- The Local Development Finance Authority (LDFA) was created under Public Act 281 of 1986 of the State of Michigan. The LDFA's purpose is to work towards the elimination of the causes of unemployment, underemployment and joblessness, and to promote economic growth in the Village of Camden.

The Village appoints the majority of the Boards of Directors of the LDFA. The LDFA's budget requires the Village's approval, and its main revenue source (tax increment financing) is a financial burden to the Village.

The accounting policies of Village of Camden conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of significant accounting policies used by Village of Camden:

**Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display financial information about the Village as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by property taxes and Village general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, State Revenue Sharing, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

**Fund Financial Statements** - Fund financial statements report detailed information about the Village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and Basis of Accounting**

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Village departments. Proprietary fund and component unit financial statements also report using this same focus and basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Under the modified accrual basis, property taxes, State revenue sharing, interest, and grants are considered to be both measurable and available at fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as non-operating in the financial statements.

**Financial Statement Presentation**

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Village reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. Major Streets, Local Streets, Fire Fund, Cemetery Fund, and Park Fund).

The Village reports the following major enterprise funds:

Water Utilities Fund - accounts for the operating activities of the Village's water utilities services.

Sewer Utilities Fund - accounts for the operating activities of the Village's sewer utilities services.

**Assets, Liabilities, and Net Assets**

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 50 years
Furniture & Equipment	5 - 20 years
Vehicles	8 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net assets.

Long-Term Obligations - In the government-wide financial statements, all payables, accrued liabilities and long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt retirement expenditures.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Village Council at the line-item level. Any budgetary modifications may only be made by resolution of the Village Council. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to February 28, the Village Council proposes an operating budget for the fiscal year commencing on March 1.
- 2) A public hearing is conducted during February to obtain taxpayer comments.
- 3) Prior to February 28, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the Village, transfer of appropriations may be made by the authorization of the Village Council.
- 5) The Village Council is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

During the year ended February 28, 2006, the Village incurred expenditures in certain budgetary funds that were in excess of the amount appropriated. These variances are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Maintenance and Repair	\$ 7,400	\$ 8,304	\$ 904
Utilities and Telephone	12,000	12,366	366
Insurance	6,000	13,984	7,984
Professional Services	4,200	14,149	9,949
Miscellaneous Expense	750	1,326	576
Cemetery Fund			
Maintenance and Repair	3,000	3,524	524
Miscellaneous	700	975	275

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Following are the components of the Village's bank deposits at February 28, 2006:

Checking and savings accounts	\$ 604,087
Certificates of Deposit	<u>344,176</u>
	<u>\$ 948,263</u>

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). At February 28, 2006, the carrying amount of the Village's deposits was \$948,263 and the bank balance was \$979,391. Of the bank balance, \$314,592 was covered by federal depository insurance and \$664,799 was uninsured.

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of February 28, 2006, the Village's deposits are in accordance with statutory authority.

**NOTE 4 - RECEIVABLES**

Receivables at February 28, 2006, consist of State revenue sharing, State highway contract revenue, utility and other receivables. All receivables are considered collectible in full due to the ability to lien for the nonpayment of utility bills and the stable condition of State programs.

A summary of the principal items of receivables follows:

	<u>General</u> <u>Fund</u>	<u>Major</u> <u>Street</u>	<u>Local</u> <u>Street</u>	<u>Cemetery</u> <u>Fund</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>
State Revenue Sharing	\$ 18,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,705
State Highway Contract	0	14,429	5,530	0	0	19,959
Utility Customers	0	0	0	0	10,839	10,839
Property Taxes Receivable	8,599	0	0	955	0	9,554
Other Receivables	<u>1,026</u>	<u>0</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>1,134</u>
Total	<u>\$ 28,330</u>	<u>\$ 14,429</u>	<u>\$ 5,530</u>	<u>\$ 1,063</u>	<u>\$ 10,839</u>	<u>\$ 60,191</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended February 28, 2006, was as follows:

<u>Governmental Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Capital assets not being depreciated				
Land	\$ 39,100	\$ 0	\$ 0	\$ 39,100

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 5 - CAPITAL ASSETS (continued)**

Capital assets being depreciated				
Buildings & Improvements	\$ 78,540	\$ 0	\$ 0	\$ 78,540
Furniture & Equipment	290,564	9,357	0	299,921
Vehicles	288,724	0	0	288,724
Infrastructure	1,753,105	0	0	1,753,105
Less accumulated depreciation	<u>(1,912,440)</u>	<u>(50,417)</u>	<u>0</u>	<u>(1,962,857)</u>
Total capital assets being depreciated, net	<u>\$ 498,493</u>	<u>\$ (41,060)</u>	<u>\$ 0</u>	<u>\$ 457,433</u>
Governmental Activities				
Total capital assets, net	<u>\$ 537,593</u>	<u>\$ (41,060)</u>	<u>\$ 0</u>	<u>\$ 496,533</u>
Business-Type Activities				
Capital assets not being depreciated				
Land	<u>\$ 5,252</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,252</u>
Capital assets being depreciated				
Facilities & Mains	\$ 1,377,244	\$ 4,554	\$ 0	\$ 1,381,798
Less accumulated depreciation	<u>(618,583)</u>	<u>(35,129)</u>	<u>0</u>	<u>(653,712)</u>
Total capital assets being depreciated, net	<u>\$ 758,661</u>	<u>\$ (30,575)</u>	<u>\$ 0</u>	<u>\$ 728,086</u>
Business-Type Activities				
Total capital assets, net	<u>\$ 763,913</u>	<u>\$ (30,575)</u>	<u>\$ 0</u>	<u>\$ 733,338</u>
PRIMARY GOVERNMENT				
Total capital assets, net	<u>\$ 1,301,506</u>	<u>\$ (71,635)</u>	<u>\$ 0</u>	<u>\$ 1,229,871</u>

The composition of interfund balances at February 28, 2006, is as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	\$ 44,019	Fire Fund	\$ 44,019
	6,474	Park Fund	6,474
	1,126	Major Streets Fund	1,126
	563	Local Streets Fund	563
Sewer Fund	155	General Fund	155
Water Fund	39,089	General Fund	39,089
Cemetery Fund	<u>4,323</u>	General Fund	<u>4,323</u>
	<u>\$ 95,749</u>		<u>\$ 95,749</u>

The amounts due from the Major Streets, Local Streets Fund, Fire Fund, and the Park Fund to the General Fund represent invoices paid by the General Fund on behalf of these other funds in prior fiscal years. The amount shown as due from the General Fund to the Cemetery Fund represents tax collections due to the Cemetery Fund. The amounts shown as due from the General Fund to the Sewer and Water Funds represents transfers that were duplicated.



VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)**

Interfund transfers during the year consisted of the following:

	<u>Transfer From</u>				
	<u>General Fund</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Cemetery Fund</u>	<u>Total</u>
Transfer to:					
Fire Fund	\$ 13,800	\$ 0	\$ 0	\$ 0	\$ 13,800
General Fund	<u>0</u>	<u>2,000</u>	<u>1,000</u>	<u>2,000</u>	<u>5,000</u>
Total	<u>\$ 13,800</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 2,000</u>	<u>\$ 18,800</u>

Transfers are used to (1) account for overhead services provided by the general fund to other funds, (2) move revenues from the fund that statute requires to collect them to the fund that budget requires to expend them, and (3) to provide for future acquisition of assets.

**NOTE 7 - LONG-TERM DEBT**

The Village issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Revenue Bonds - The Village has a bond issue with the United States Department of Agriculture which funded the sewer project. This is a revenue bond issue, whereby revenue derived from the utility system is used to pay the debt service.

The following is a summary of changes in long-term debt for the year ended February 28, 2006:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Revenue Bonds - Sewer Fund	<u>\$ 440,000</u>	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ 436,000</u>

Annual debt service requirements to maturity as of February 28, 2006, are as follows:

Sewer Fund - \$ 525,000 Revenue Bond Issue, interest rate 4.5%

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>February 28</u>			
2007	\$ 5,000	\$ 19,508	\$ 24,508
2008	5,000	19,282	24,282
2009	5,000	19,058	24,058
2010	5,000	18,833	23,833
2011	6,000	18,585	24,585
2012-2016	32,000	88,785	120,785
2017-2021	40,000	80,730	120,730
2022-2026	50,000	70,605	120,605
2027-2032	63,000	58,027	121,027
2032-2036	78,000	42,165	120,165
2037-2041	100,000	22,275	122,275
2042-2043	<u>47,000</u>	<u>2,137</u>	<u>49,137</u>
Totals	<u>\$ 436,000</u>	<u>\$ 459,990</u>	<u>\$ 895,990</u>

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2006

**NOTE 8 - PROPERTY TAXES**

Real estate and personal property taxes are recorded as revenue in amounts equal to the total taxes levied. The total levy for 2005 was 9.4903 mills - 8.5867 mills allocated to General Fund, and 0.90360 mills allocated to Cemetery Fund. The 2005 total state taxable value was approximately \$5,591,000 (not including industrial facilities tax valuations). Village properties are assessed as of July 31 (the lien date) - taxes levied July 1 of the succeeding year and are due without interest to September 15. After the final collection date, unpaid real property taxes are added to the county delinquent tax rolls. Personal property taxes unpaid continue to be collected by the Village Treasurer.

**NOTE 9 - SEGMENT INFORMATION**

The Village issues separate revenue bonds to finance its sewer department. The fund financial statements report major funds with revenue - supported debt for the sewer fund. Services provided by this fund are described in Note 1.

**NOTE 10 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Village has purchased commercial insurance for each of these areas of risk. There have been no significant reductions in insurance coverages, and settled claims have not exceeded the amount of insurance coverage for the current or the three prior years.

**NOTE 11 - ENVIRONMENTAL REMEDIATION**

During the past five years, the Village has been working with the State of Michigan Department of Environmental Quality (DEQ) and contracted engineers on a sewer lagoon project in response to overflows occurring with its sewer lagoon. During the course of the project the Village has been penalized \$25,000 by the DEQ for failure to comply with project deadlines. A penalty of \$12,500 was paid in the 2001-02 fiscal year, \$10,000 in the 2002-2003 fiscal year, and \$2,500 in the 2004-05 fiscal year. A two-phase project was instituted to correct the problem. Phase I of the project which consisted of sealing joints, repairing manholes, upgrading storm sewers, and repairing the lagoon fields has been completed. The Village is working towards implementation of Phase II of the project which will include additions to the existing lagoon system, installation of water meters, and upgrades to the system pump stations.

## REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property Taxes	\$ 53,500	\$ 53,500	\$ 49,429	\$ (4,071)
State Shared Revenue	47,650	47,650	60,246	12,596
Interest	3,500	3,500	3,330	(170)
Miscellaneous	<u>317</u>	<u>317</u>	<u>637</u>	<u>320</u>
Total Revenue	<u>\$ 104,967</u>	<u>\$ 104,967</u>	<u>\$ 113,642</u>	<u>\$ 8,675</u>
EXPENDITURES				
General Government				
Advertising	\$ 300	\$ 300	\$ 248	\$ (52)
Maintenance and Repair	7,400	7,400	8,304	904
Utilities and Telephone	12,000	12,000	12,366	366
Insurance	6,000	6,000	13,984	7,984
Professional Services	4,200	4,200	14,149	9,949
Dues	650	650	649	(1)
Office Supplies	3,000	3,000	940	(2,060)
Payroll Expense	45,000	45,000	40,008	(4,992)
Miscellaneous Expense	750	750	1,326	576
Capital Outlay	<u>7,367</u>	<u>7,367</u>	<u>0</u>	<u>(7,367)</u>
Total Expenditures	<u>\$ 86,667</u>	<u>\$ 86,667</u>	<u>\$ 91,974</u>	<u>\$ 5,307</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 18,300</u>	<u>\$ 18,300</u>	<u>\$ 21,668</u>	<u>\$ 3,368</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 5,000	\$ 5,000
Operating Transfers Out	<u>(18,300)</u>	<u>(18,300)</u>	<u>(17,704)</u>	<u>596</u>
Total Other Financing Sources (Uses)	<u>\$ (18,300)</u>	<u>\$ (18,300)</u>	<u>\$ (12,704)</u>	<u>\$ 5,596</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ 8,964	\$ 8,964
FUND BALANCES - Beginning	<u>142,332</u>	<u>142,332</u>	<u>142,332</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 142,332</u></u>	<u><u>\$ 142,332</u></u>	<u><u>\$ 151,296</u></u>	<u><u>\$ 8,964</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR STREETS FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Budget Amounts</u>			Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
State Shared Revenue	\$ 30,000	\$ 30,000	\$ 44,944	\$ 14,944
Interest	<u>100</u>	<u>100</u>	<u>2,774</u>	<u>2,674</u>
Total Revenue	<u>\$ 30,100</u>	<u>\$ 30,100</u>	<u>\$ 47,718</u>	<u>\$ 17,618</u>
EXPENDITURES				
Routine Maintenance	\$ 16,625	\$ 16,625	\$ 296	\$ (16,329)
Administration	<u>5,225</u>	<u>5,225</u>	<u>1,394</u>	<u>(3,831)</u>
Total Expenditures	<u>\$ 21,850</u>	<u>\$ 21,850</u>	<u>\$ 1,690</u>	<u>\$ (20,160)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 46,028</u>	<u>\$ 37,778</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>(8,250)</u>	<u>(8,250)</u>	<u>(2,000)</u>	<u>6,250</u>
Total Other Financing Sources (Uses)	<u>\$ (8,250)</u>	<u>\$ (8,250)</u>	<u>\$ (2,000)</u>	<u>\$ 6,250</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ 44,028	\$ 44,028
FUND BALANCES - Beginning	<u>190,508</u>	<u>190,508</u>	<u>190,508</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 190,508</u>	<u>\$ 190,508</u>	<u>\$ 234,536</u>	<u>\$ 44,028</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
LOCAL STREETS FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
State Shared Revenue	\$ 10,000	\$ 10,000	\$ 16,430	\$ 6,430
Intcrest	<u>100</u>	<u>100</u>	<u>57</u>	<u>(43)</u>
Total Revenue	<u>\$ 10,100</u>	<u>\$ 10,100</u>	<u>\$ 16,487</u>	<u>\$ 6,387</u>
EXPENDITURES				
Routine Maintenance	\$ 15,350	\$ 15,350	\$ 1,809	\$ (13,541)
Administration	<u>3,000</u>	<u>3,000</u>	<u>1,138</u>	<u>(1,862)</u>
Total Expenditures	<u>\$ 18,350</u>	<u>\$ 18,350</u>	<u>\$ 2,947</u>	<u>\$ (15,403)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (8,250)</u>	<u>\$ (8,250)</u>	<u>\$ 13,540</u>	<u>\$ 21,790</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 8,250	\$ 8,250	\$ 0	\$ (8,250)
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(1,000)</u>	<u>(1,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ (1,000)</u>	<u>\$ (9,250)</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ 12,540	\$ 12,540
FUND BALANCES - Beginning	<u>31,128</u>	<u>31,128</u>	<u>31,128</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 31,128</u>	<u>\$ 31,128</u>	<u>\$ 43,668</u>	<u>\$ 12,540</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FIRE FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Charges for Services	\$ 38,386	\$ 38,386	\$ 34,732	\$ (3,654)
Interest	164	164	331	167
Miscellaneous	<u>0</u>	<u>0</u>	<u>1,237</u>	<u>1,237</u>
Total Revenue	<u>\$ 38,550</u>	<u>\$ 38,550</u>	<u>\$ 36,300</u>	<u>\$ (2,250)</u>
EXPENDITURES				
Routine Maintenance	\$ 35,350	\$ 35,350	\$ 17,687	\$ (17,663)
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>9,357</u>	<u>(643)</u>
Total Expenditures	<u>\$ 45,350</u>	<u>\$ 45,350</u>	<u>\$ 27,044</u>	<u>\$ (18,306)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (6,800)</u>	<u>\$ (6,800)</u>	<u>\$ 9,256</u>	<u>\$ 16,056</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 6,800	\$ 6,800	\$ 13,800	\$ 7,000
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 6,800</u>	<u>\$ 6,800</u>	<u>\$ 13,800</u>	<u>\$ 7,000</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ 23,056	\$ 23,056
FUND BALANCES - Beginning	<u>22,123</u>	<u>22,123</u>	<u>22,123</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 22,123</u>	<u>\$ 22,123</u>	<u>\$ 45,179</u>	<u>\$ 23,056</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CEMETERY FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Budget Amounts</u>			Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Property Taxes	\$ 3,550	\$ 3,550	\$ 5,057	\$ 1,507
Interest	600	600	1,505	905
Miscellaneous	<u>0</u>	<u>0</u>	<u>107</u>	<u>107</u>
Total Revenue	<u>\$ 4,150</u>	<u>\$ 4,150</u>	<u>\$ 6,669</u>	<u>\$ 2,519</u>
EXPENDITURES				
Maintenance and Repair	\$ 3,000	\$ 3,000	\$ 3,524	\$ 524
Insurance	450	450	408	(42)
Miscellaneous	<u>700</u>	<u>700</u>	<u>975</u>	<u>275</u>
Total Expenditures	<u>\$ 4,150</u>	<u>\$ 4,150</u>	<u>\$ 4,907</u>	<u>\$ 757</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,762</u>	<u>\$ 1,762</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(2,000)</u>	<u>(2,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ (238)	\$ (238)
FUND BALANCES - Beginning	<u>85,553</u>	<u>85,553</u>	<u>85,553</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 85,553</u>	<u>\$ 85,553</u>	<u>\$ 85,315</u>	<u>\$ (238)</u>

The accompanying notes are an integral part of this statement.



VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PARK FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Interest	\$ 0	\$ 0	\$ 119	\$ 119
Miscellaneous	<u>300</u>	<u>300</u>	<u>0</u>	<u>(300)</u>
Total Revenue	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 119</u>	<u>\$ (181)</u>
EXPENDITURES				
Culture and Recreation	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 827</u>	<u>\$ (1,673)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (2,200)</u>	<u>\$ (2,200)</u>	<u>\$ (708)</u>	<u>\$ 1,492</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 2,200	\$ 2,200	\$ 0	\$ (2,200)
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 2,220</u>	<u>\$ 2,200</u>	<u>\$ 0</u>	<u>\$ (2,200)</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ (708)	\$ (708)
FUND BALANCES - Beginning	<u>5,245</u>	<u>5,245</u>	<u>5,245</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 5,245</u></u>	<u><u>\$ 5,245</u></u>	<u><u>\$ 4,537</u></u>	<u><u>\$ (708)</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FEBRUARY 28, 2006

**NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the year ended February 28, 2006, the Village incurred expenditures in certain budgetary funds that were in excess of the amount appropriated. These variances are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Maintenance and Repair	\$ 7,400	\$ 8,304	\$ 904
Utilities and Telephone	12,000	12,366	366
Insurance	6,000	13,984	7,984
Professional Services	4,200	14,149	9,949
Miscellaneous Expense	750	1,326	576
Cemetery Fund			
Maintenance and Repair	3,000	3,524	524
Miscellaneous	700	975	275

Bailey, Hodshire  
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CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council  
Village of Camden  
Camden, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of Village of Camden as of and for the year ended February 28, 2006, which collectively comprise the Village of Camden's basic financial statements and have issued our report thereon dated October 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Camden's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Camden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of the Village of Camden, in a separate letter dated October 31, 2006.

This report is intended solely for the information and use of management, the Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Jonesville, Michigan  
October 31, 2006

# Bailey, Hodshire & Company, P.C.

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October 31, 2006

To Village Council  
Village of Camden  
Camden, Michigan

As a result of our audit of the financial statements of Village of Camden as of and for the year ended February 28, 2006, we would like to make the following comments and recommendations:

1. During the year the following accounts had expenditures in excess of budgeted amounts, which is a violation of State of Michigan budgeting laws:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Maintenance and Repair	\$ 7,400	\$ 8,304	\$ 904
Utilities and Telephone	12,000	12,366	366
Insurance	6,000	13,984	7,984
Professional Services	4,200	14,149	9,949
Miscellaneous Expense	750	1,326	576
Cemetery Fund			
Maintenance and Repair	3,000	3,524	524
Miscellaneous	700	975	275

2. The budget should be maintained on the computer system so that the board receives a comparison of budget to actual amounts on a monthly basis and the budget must be maintained and amended when necessary.
3. Receipts and disbursements for the tax checking account should be maintained on the computer system.
4. Act 51 reports need to be filed timely with the State of Michigan. These reports are very delinquent and the State of Michigan is holding funds of the Village.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

*Bailey, Hodshire & Company, P.C.*

Bailey, Hodshire & Company, P.C.  
Certified Public Accountants